



DEPARTMENT OF THE ARMY
ENGINEER RESEARCH AND DEVELOPMENT CENTER, CORPS OF ENGINEERS
WATERWAYS EXPERIMENT STATION, 3909 HALLS FERRY ROAD
VICKSBURG, MISSISSIPPI 39180-6199

March 4, 2005

REPLY TO
ATTENTION OF:

Executive Office

Mr. Bradley B. Bunn
Program Executive Office
National Security Personnel System
1700 Key Boulevard, Suite B-200
Arlington, Virginia 22209-5144

Dear Mr. Bunn:

I am writing to provide input in the final deliberation process to develop the new Department of Defense (DoD) National Security Personnel System (NSPS). My comments address both the specific language included in the Federal Register as well as provisions I would like to see or not see in the DoD implementing issuances. I am commenting from my perspective as a former laboratory pay pool manager and for the past five (5) years as the Director of the U.S. Army Engineer Research and Development Center (ERDC) overseeing eight (8) pay pools and having participated in the DoD Laboratory Demonstration Program since 1998.

Overall, I am favorably impressed with the initiatives to modify, improve and simplify the DoD personnel management program. Many of the initiatives appear on the surface to be somewhat similar to those now in effect in the ERDC demonstration project such as pay-for-performance and simplified classification, staffing, and RIF. I am confident the NSPS will have a positive impact in DoD.

Participating in the Laboratory Demonstration Program has given me the opportunity to test many new procedures and processes and determine what worked and what didn't work so well. Our Federal Register allowed us to make needed changes to provide equitable treatment to employees, to control costs, etc. My desire is that the DoD implementing instructions be written in a broad overview and not require that all activities be required to function in the same manner. My following comments will address some of these specific areas when flexibility is desired as well as requesting new provisions and changes to others.

Page 7560, Rating Methodology: DoD. This paragraph includes two statements that cause me concern based on my experience as both a pay pool manager and as the ERDC Director. The first one "These recommendations will then be reviewed by the pay pool panel to ensure equitable rating criteria and methodology has been applied to pay pool employees." The second is "The final determination of the rating, number of shares, and payout distribution will be a function of the pay pool panel process and will be approved by the pay pool manager." I am opposed to including the first process as mandatory. The establishment of a pay pool panel and its membership should be optional with the local Commander or Director. To make it mandatory simply opens the door for bargaining units wanting to be included on the panel. Secondly, the

P-0076

local Commander or Director should be the final decision manager, not the pay pool manager since there may be several pay pools at the installation. As the ERDC Director, I oversee the management of eight pay pools, make the final review and approve the payout determinations of all eight pay pools.

9901.334 Eligibility for pay increases associated with a supplement adjustment. Paragraph (c) states, "For employees who do not have a current rating of record, DoD will determine the amount of any pay increase under this section in accordance with implementing issuances." I suggest that the DoD implementing issuances provide that employees who do not have a rating of record be allowed to receive a pay adjustment based on the rate range adjustment and the local market supplement. This has been the practice of the ERDC demonstration project to allow the General Schedule increase (all receive locality pay) and this has worked quite satisfactorily.

9901.342 Performance payouts Paragraph (b)(2) states, "DoD may determine a percentage of pay to be included in pay pools and paid out in accordance with accompanying DoD implementing issuances." I recommend that DoD provide Commanders and Directors flexibility in how the pay pool dollars are determined. I am comfortable with assigning a set percentage. However, there needs to be flexibility in determining the salaries this percentage is applied to. As you know, many employees' salaries will be capped at the maximum of the pay band upon conversion or within some period following conversion. These employees are not eligible for salary adjustments (performance-based pay increases) and cannot contribute dollars to the pay pool. 9901.342(d)(4) requires that a payout be either in a pay adjustment or by means of a bonus. The net effect is an increased cost to the organization. In some organizations where funding is tight or where funds are reimbursable in nature from customers, we must watch our salary costs. I have chosen not to include the salaries of capped non-supervisory employees when calculating pay pool dollars in order to control costs and preclude excessive increases. I recommend that Commanders and Directors have this flexibility under NSPS as well as the option to determine the amount of the bonus paid to capped employees.

9901.342(d)(3) provides for the establishment of control points within a band that limits increases in basic pay. I recommend that this provision either be eliminated or left as an option with the local Commander or Director. Such a provision was considered during the development of the ERDC demonstration project but was rejected. My experience has shown that it is unnecessary for controlling salary escalation within the pay band and it will certainly make the performance-based pay provisions of NSPS much less appealing to employees, supervisors, and unions.

9901.342(e) provides for the proration of performance payouts. 9901.3412(a) indicates that an employee with a rating of record above "unacceptable" will receive any pay increase resulting from that adjustment. Rather than have a provision for proration of a payout, I recommend a provision of "inability to rate" be utilized where employees are not in a duty status, under performance standards, etc., for at least 90 days. Unless they receive a rating of record, they should not receive a performance-based increase before the next rating cycle. They should

however, be eligible for the rate range adjustment and the local market supplement. I concur with paragraphs (f) and (g).

9901.516 Internal placement. This provision states that DoD may prescribe the establishment of in-service probationary periods. I disagree with this concept and believe that it is totally unnecessary. When we have several options from which to fill a position and work under the principle that we only select the best qualified candidates, there should be no need for this process. I believe this sends the wrong message to our workforce. That is, we will select you but you may not have the job one year from now. Let's concentrate our efforts on selecting the right employees not creating doubt/distrust in the workforce. I need only look at how this probationary period has worked with supervisors to make my point. I am unaware of ever seeing a supervisor removed from a position during the supervisory probationary period.

9901.917(d)(1) Duty to bargain and consult. This provision states that management may not bargain over Component policies. I recommend that DoD implementing issuances broaden the definition of "Component policies" to include any "implementing issuances" which may be required at the installation level, i.e., how pay pool dollars will be established, determination of competitive area for RIF, and other matters when the local Commander or Director has an option regarding the operation of NSPS.

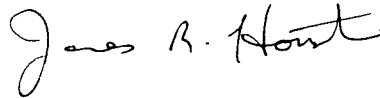
9901.924(e) Official time. I interpret this provision to address situations where a representative may be provided excused absence to represent more than one bargaining unit at the installation where the representative is employed. I recommend that this be more clearly stated and that a statement be included prohibiting the providing of official time for a representative at his/her employing installation from being provided official time to provide representational duties for employees covered by a different local at a different organization under the direction of another Commander or Director.

9901.704 Subpart G-Adverse Action Coverage. Paragraph (b) includes actions excluded from adverse actions. I recommend that another one be added which has been a positive innovation in the ongoing ERDC demonstration project. This is the movement of an employee to a lower pay band resulting from a less than fully successful rating where the employee does not receive a General Schedule increase. The ERDC demonstration project manager must withhold one half or all of the General Schedule increase if the employee's performance is less than fully successful. I consider an action to change the employee to the lower pay band to be one based on the employee's action or inaction which led to the low performance rating. The language in the ERDC Federal Register, Vol. 63, No. 57/Wednesday, March 25, 1998, IX Required Waivers to Law and Regulations, B., Waivers to Title 5, Code of Federal Regulations, Part 432.104-105 reads as follows "Performance based reduction in grade and removal actions (to the extent that "pay band" is substituted for "grade" and reduction in band level as a result of non-receipt of General Schedule increases because of poor performance is not an adverse action.)" I recommend you use this language as exception number 17 and substitute Rate Range Adjustment and Local Market Supplement for General Schedule.

The last comment I would offer addresses the "Conversion" process. Not conversion of positions to NSPS but to positions outside NSPS. There would be no need to address the possible ending of NSPS but there is the daily probability of NSPS employees moving to positions in the General Schedule or other pay systems both within and outside DoD. Determining the General Schedule grade equivalent is of assistance to the receiving organization for determining the "Nature of Action", i.e., reassignment, promotion or change to lower grade and in the pay setting process. It is quite common to receive calls from receiving organizations for assistance when one of our demonstration project employees is moving to a position in the General Schedule system. We also receive calls from receiving organizations comparing demonstration project performance ratings to other Office of Personnel Management Rating Patterns. We have developed a scheme and provide this to receiving organizations. I suggest the same or a similar process be used under the NSPS.

I appreciate the opportunity to comment on the NSPS Federal Register and am available to answer any questions you may have or to provide further comments. I may be reached at 601-634-2000 or at James.R.Houston@crdc.usace.army.mil.

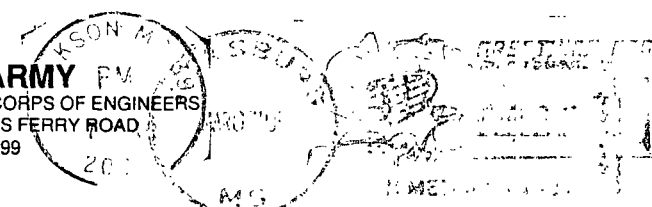
Sincerely,

A handwritten signature in black ink that reads "James R. Houston". The signature is written in a cursive style with a large, stylized "J" and "H".

James R. Houston
Director

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